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Letter No. 2289

CURRENT SATELLITE RECORDS

November 20, 1986

**WORLD WHEAT  
TRADE**

The world wheat trade is forecast to be 2 million 500 thousand tons lower this month, at 86 million 600 thousand tons, due primarily to reduced demand for wheat by the Soviet Union, according to the U.S. Department of Agriculture. In the past two months, the forecast for world wheat trade has fallen more than 5 pct., largely because of the 5 million ton decline in Soviet import prospects. However, outside the USSR, wheat trade is forecast about 4 pct. higher in 1986/87 than in 1985/86.

**SOVIET COARSE  
GRAIN FORECAST**

This month, the 1986/87 coarse grain import forecast for the Soviet was dropped 4 million tons to 12 million tons by the U.S. Department of Agriculture to reflect improved crop prospects. The larger harvest will offset the significant decline. Further adding to the slow pace of coarse grain imports may be recent Soviet feed wheat purchases which already exceed 1 million tons.

**SOVIET WHEAT  
IMPORT FORECAST**

The 1986/87 wheat import forecast for the Soviet was cut 2 million tons from last month's forecast because of improved crop prospects and modest buying activity so far this marketing year. Of the 14 million ton import forecast for 1986/87, the Soviet has reportedly purchased less than 6 million tons, well behind the buying activity for comparable periods in recent years, according to the U.S. Department of Agriculture.

**CHINA MAY  
PURCHASE  
U.S. CORN**

Reports indicate that China may purchase 200-300,000 tons of U.S. corn, according to the U.S. Department of Agriculture. This would be in addition to China's recent purchase of 30,000 tons of U.S. corn after a 3-year absence from the U.S. market. However, it is unclear whether these purchases are intended to meet additional import demand or merely substitute for Thai corn which has not met Chinese quality standards. Nevertheless, the long-term potential for expansion of U.S. corn exports to China is bright.

**U.S. WHEAT  
EXPORT PROSPECTS**

According to the U.S. Department of Agriculture, export prospects for wheat for the U.S. dropped to 28 million tons this month, down 1½ million tons and the second lowest level in nearly 10 years. As a residual supplier, the U.S. may lose sales in non-Soviet markets as other exporters intensify their efforts following some loss of Soviet sales.

BRAZIL GOOD  
CUSTOMER

Brazil recently purchased more than 500,000 tons of U.S. corn and is reportedly planning to tender for large, additional volumes, according to the U.S. Department of Agriculture. To reflect this rapid import pace, the forecast for Brazilian purchases doubled to 2 million tons.

FORECAST FOR  
WHEAT, CORN &  
SOYBEAN EXPORTS

During 1986/87, U.S. wheat, corn and soybean exports are forecast by the U.S. Department of Agriculture to rise 12 pct. for wheat, 5 pct. for corn and 3 pct. for soybeans. These increases are not enough to drop stocks sharply, and suggestions have been made that the Sec'y of Agriculture implement marketing loans to raise exports further. However, if marketing loans had been implemented for 1986/87, wheat exports might be only about 30 million bushels higher than without the loans, at a cost of \$8 to \$9 per added export bushel. The per-bushel cost of extra corn and soybean exports would also have been well above current market prices.

ACREAGE  
REDUCTION  
PROGRAM

A large-scale acreage reduction program designed to idle 125 million acres, or about half of the program acreage base, could raise U.S. farm prices 30 to 40 pct. above 1985/86. As a consequence, according to a U.S. Department of Agriculture report, Government outlays for price and income supports would fall to nearly zero after several years, and farmers' net cash income would probably rise. However, large farm price increases would likely reduce U.S. farm exports 30 to 50 pct. Also, the mix of foods purchased by domestic consumers would shift away from more expensive high-value products in response to a 30-35 pct. rise in retail food prices. These declines would cut agriculture's contribution to the U.S. GNP by \$50 to \$75 billion per year. As many as 2 million jobs might be lost on farms and in the inputs and marketing industries. The immediate cost to the economy would be greater than current Government outlays for the farm programs.

CASH INCOME FOR  
CROPS & LIVESTOCK

The net cash income for crop farms is expected to be down in 1986, going from 1985's average \$27,000 per farm to about \$25,000, according to the U.S. Department of Agriculture. Government payments to crop farms will rise more than 50 pct., cushioning this year's drop in commodity prices. Lower expenses should save crop farms more than \$3 billion in 1986. For the livestock sector, net cash income per farm may climb more than \$3,500. The average livestock operation, which typically includes some crop production, has cash income of more than \$17,000 this year, because of higher prices, production and Gov't payments and lower expenses.

CANADA'S DUTY  
VS. U.S. CORN

Canada's preliminary decision to impose a countervailing duty of \$1.05 per bushel on imports of U.S. corn will probably sharply curtail U.S. corn exports to that country, according to the U.S. Department of Agriculture. Currently the average farm price of U.S. corn is about \$1.50 per bushel, and the current cash price of corn in Canada is \$1.60 per bushel. U.S. corn exports to Canada had been forecast to total 500,000 tons for 1986/87. Canada charged the U.S. with subsidizing corn exports to Canada. After a final review of the issue of subsidization and the resulting injury caused to Ontario corn growers, the Canadian government will issue a final decision within 120 days.



FROM OUR  
TELEVISION  
SERVICE

**CURRENT AGRICULTURAL OUTLOOK...**USDA economist Herb Moses outlines outlines some of the factors contributing to the current agricultural outlook, including cash income for farmers and the current forecast for U.S. exports of wheat, corn and soybeans. DeBoria Janifer interviews. (321)

**COTTON AND WOOL OUTLOOK...**The latest cotton forecast places upland cotton stocks at less than 6 million bales, nearly a 40 percent decline. USDA economist Bob Skinner focuses on factors contributing to this decline as well as the outlook for U.S. cotton producers in 1987. Vic Powell interviews. (322)

**CURRENT U.S. CROP ESTIMATES...**Large crops abroad have prompted a reduction in U.S. grain export projections. USDA economist David Hull examines the current world agricultural supply and demand estimates and its effect on world trade. Vic Powell interviews. (323)

**FORCED MOLTING...**Janice Bahr, University of Illinois, describes research work being conducted to make chickens lay more and better eggs through a hormone that forces molting. Gary Beaumont interviews. (324)

**ARS RESEARCH FEATURES...**USDA agricultural research scientists are: discovering that barley and oats can reduce cholesterol levels; and measuring root strength in plants to protect the future of food crops. Will Pemble reports. (325)

FROM OUR RADIO  
SERVICE

**AGRICULTURE USA #1538...**(Weekly 13½ min documentary) Giving food away to nations who can't afford to buy it can actually help boost sales of U.S. farm products. On this edition of Agriculture USA, experts explain this apparent paradox. Doug Wakefield reports.

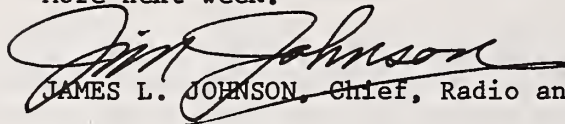
**AGRITAPE/FARM PROGRAM REPORT #1527...**(Weekly reel of news features) USDA news highlights; Embargoes don't work; New crop certificates on the market; New provisions for crop certificates; Another farm bill battle.

**CONSUMER TIME #1020...**(Weekly reel of 2½-3 min features) Planning your holiday shopping; Helping towns with waste water problems; Synthetic sugars; There's more to food aid than food; Involving kids in the holidays.

**USDA RADIO NEWS SERVICE...**Thurs, Nov. 25, Weekly crop and weather; Fri, Nov. 28, Agricultural prices; Tues, Dec. 2, Exports. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

OFF MIKE

Evan Slack (Evan Slack Network, Denver, CO) is the new president of NAFB. His swan song as president-elect included serving as program chairman for this year's national meeting in Kansas City. And the meeting was a gem. Hallway comments we overheard included "The best meeting I've attended," "Terrific," (We also heard that a lot after Patrick Dooley's session on "How to Have a Good Day--Every Day"), and similar accolades. So, to Evan and crew, our congratulations! ... Lots of awards given out. Skip Ragland presented the Ciba-Geigy "Farm broadcaster of the Year" award to Paul Pippert (WIBW, Topeka, KS). And Skip presented the coveted "Foot in Mouth" award to Ken Tanner (WRAL-TV/Tobacco Net, Raleigh, NC) ... Ron Hays (Oklahoma Agrinet, Oklahoma City) presented the "Meritorious Service Award" to this writer, and we thank the NAFB members for this honor and affirmation that we must be doing something right ... The first two honorees were entered into the Agriculture Hall of Fame, Bonners Springs, KS: Larry Haeg, first NAFB president, now deceased; and Bob Buice, long-time NAFB historian ... NAFB also paid tribute to two other long-time members who have made substantial contributions to the organization over the years: John Baker, author of the book "Farm Broadcasting: The First 60 Years" and Milt Bliss, perennial convention coordinator for many years. Both received special "laser clocks" and lifetime honorary NAFB membership ... New NAFB officers are: President, Evan Slack (Evan Slack Network, Denver); President-elect, Dix Harper (WRAL-TV/Tobacco Network, Raleigh, NC); Secretary, Mark Vail (Kansas Ag Net, Topeka, KS); Historian, Craighton Knau (KMA, Shenandoah, IA); NE Regional VP, Marla Behrends (WKAN, Kankakee, ILL); NC Regional VP Jerry Passer (WMT, Cedar Rapids, IA); SC Regional VP Ray Forcier (KWKH, Shreveport, LA); SE Regional VP, Dan Gordon (Tennessee Agrinet, Nashville); and West Regional VP, Taylor Brown (Northern Ag Net, Billings, MT) ... More next week.



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